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June 16, 2003

BELLSOUTH

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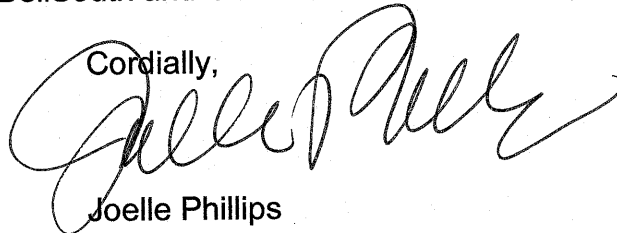
Hon. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Petition for Exemption of Certain Services*
Docket No. 03-00391

Dear Chairman Kyle:

Enclosed are the original and fourteen copies of a *Petition for Exemption of Certain Services* filed on behalf of BellSouth and Citizens Communications, Inc.

Cordially,



Joelle Phillips

JJP:ch

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: ***Petition for Exemption of Certain Services***

Docket No. _____

PETITION FOR EXEMPTION OF CERTAIN SERVICES

BellSouth Telecommunications, Inc. and Citizens Communications, Inc respectfully submit this Petition to exempt certain services from regulatory requirements contained in Tenn. Code Ann. Title 65, Chapter 5, Part II. Petitioners respectfully show the Tennessee Regulatory Authority as follows:

I. INTRODUCTION

1. Petitioners are public utilities providing telephone services in Tennessee.

2. Petitioners seek an exemption of certain services from regulation pursuant to Tenn. Code Ann. § 65-5-208(b).

3. Tenn. Code Ann. § 65-5-208(b) requires the Tennessee Regulatory Authority to exempt from regulation the telecommunications service for which existing and potential competition is an effective regulator of the price of those services.

II. SERVICES TO BE EXEMPTED

4. Petitioners request exemption of the following services:

a. IntraLATA Toll Service – This service mirrors the interLATA toll service, for which price is not currently regulated. Like interLATA toll service, intraLATA toll is highly competitive. In addition to the numerous LECs providing

the service, intraLATA toll service is also provided by interexchange carriers. Many of these providers offer such services using low "all you can eat" pricing. In addition, these services are provided, using prepaid calling cards, by other companies. Further, wireless carriers provide such services pursuant to nationwide calling plans. Accordingly, the price for these services is effectively regulated by the substantial competitive activity, both by local exchange carriers, as well as intermodal competition from wireless carriers and prepaid calling card providers.

b. Primary Rate ISDN Service – Primary Rate Integrated Services Digital Network (ISDN) provides ISDN-based DS-1 access to the telecommunications network and includes the flexibility of integration of multiple voice and/or data transmission channels on the same line. The basic channel structure provides one 64 Kbps D-Channel and up to 23 64 Kbps B-Channels. A significant amount of customer-provided equipment (CPE) is PRI ISDN-compatible, and this equipment is popular with business customers because of the flexibility that PRI ISDN service provides them in managing their telecommunications network. Consequently, many telecommunications service providers offer PRI ISDN service, and the price for this service is effectively regulated by substantial competitive activity in Tennessee.

III. CONCLUSION

Tenn. Code Ann. § 65-5-208(b) requires the authority be exempt from regulation of service for which existing and potential competition is an effective regulator of the price of that service. As shown above, the services Petitioners seek to exempt currently reflect substantial competition through

telecommunications competition, as well as other sources. As a result, Tennessee consumers have great leverage when shopping for these services. Business customers desiring these services can look to the marketplace to find the best product within a price range and can take their business to a competing product or provider should they become dissatisfied. Within the context of this vigorously competitive environment, Tenn. Code Ann. § 65-5-208(b) requires the Authority to exempt these services from certain regulatory requirements contained in Tenn. Code Ann. Title 65, Chapter 5, Part II.

WHEREFORE, Petitioners respectfully petition the Authority after notice and opportunity for a hearing to order that these services shall be exempt from regulation to the extent provided in Tenn. Code Ann. § 65-5-208.

Respectfully submitted,

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